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TAGS: [KN](#) [KS](#) [PGOV](#) [PREL](#)

SUBJECT: FOREIGN POLICY OUTLOOK FOR SOUTH KOREAN
PRESIDENTIAL CANDIDATES

¶1. (SBU) SUMMARY: South Korea's presidential candidates have focused much of their campaign efforts on domestic and economic issues. On foreign policy, from what we can glean from public statements, debates, and meetings with foreign policy advisors, one thing is certain: all of the candidates, if elected, would uphold some level of engagement with North Korea. The GNP contenders maintain the party's hard-line stance towards North Korea in varying degrees and are strong supporters of the U.S.-ROK alliance, but appear to be less clear on other foreign policy issues. As President, GNP front-runners Lee Myung-bak and Park Geun-hye would both seek a renegotiation of the transition of Wartime Operational Control (OPCON), according to their advisors. The liberal contenders, mostly from the ruling camp, have not clearly articulated how to deal with the U.S.-ROK alliance and other foreign powers such as China and Japan. Progressive Sohn Hak-kyu would expand the Kaesong Industrial Complex across the DMZ into South Korea. END SUMMARY.

GNP CANDIDATES STILL IN THE LEAD

¶2. (U) The GNP candidates have consistently maintained a strong lead over the progressive candidates, but the numbers within the party have begun to fluctuate. The two frontrunners, Lee Myung-bak and Park Geun-hye, differ from the underdogs in that they adhere closely to the GNP's conservative stance on the DPRK and making the provision of aid conditional to denuclearization. Two of the GNP underdogs, lawmakers Won Hee-ryong and Go Jin-hwa, advocate continuation of the engagement policy. All the GNP candidates except lawmaker Hong Jun-pyo follow the GNP line of fostering a stronger U.S.-ROK alliance; Hong argues for strengthening the ROK's independence from the United States. Former Seoul mayor and current frontrunner Lee's lead over former GNP chair Park is now just under 8 percent, with 33.6 percent backing Lee and 25.9 percent backing Park, according to a June 30 JoongAng Ilbo poll, a mainstream South Korean daily.

LEE MYUNG-BAK: IT'S THE ECONOMY, STUPID

¶3. (U) Although both Lee and Park follow the official GNP line on the DPRK, Lee has tried to differentiate himself from Park by emphasizing economic solutions to resolve the nuclear

situation. During the GNP policy debate on June 19, he argued that the ROK should help the DPRK achieve USD 3,000 per capita GDP within 10 years in order to induce the DPRK to denuclearize and open its doors. Lee called such an approach the "Initiative of Denuclearization, Opening and USD 3000," also one of his seven-point campaign pledges on foreign policy, dubbed the "MB Doctrine." Emphasizing that "economic unification is the first step to eventual unification," he called for "a principled North Korean policy that induces it to open up."

14. (SBU) Lee also highlights that delivering food, fertilizer and other types of aid cannot be a fundamental solution; North Korea must be taught to be self-reliant. On June 18, he announced another pledge for his North Korean policy -- to build another 29.7 square-kilometer inter-Korean industrial complex, coined Nadeul Island, near the Demilitarized Zone (DMZ), in the Han river that bisects Seoul. During a June 25 meeting with Poloffs, Lee's Senior International Affairs Officer Yim Sung-bin emphasized that the project would combine the ROK's technology and the DPRK's labor, echoing the rationale for the existing Kaesong Industrial Complex.

15. (SBU) Lee's International Affairs Officers Chris Yoo and Yim Sung-bin asserted during the meeting that economic aid and cooperation would be contingent upon North Korea taking steps towards denuclearization. Although he is skeptical of the engagement policy toward the North Korean regime, Lee argues for the continuation of inter-Korean exchanges. Visiting the Joint Security Area in the DMZ on June 11, Lee proposed his plan for building a "Permanent Center for Family Reunions" in Panmunjom. He maintained that his permanent center would be more cost effective than the current family reunions which are hosted in different places each time.

16. (SBU) Lee's main foreign policy pledge, the "MB Doctrine," also includes his goal to restore what he calls the "soured" U.S.-ROK alliance and ties with neighboring and strategically important Asian nations, Japan, China, Russia and India in particular. Lee has stated in public multiple times that he values the alliance and will build on the alliance as a "backbone of the ROK security." However, as President, he would seek a comprehensive renegotiation of the transition of Wartime Operational Control (OPCON). He sees the timeline of the transfer problematic, in particular. Meanwhile, Lee would continue to pursue good relations with Japan and China for business interests of Korean companies, according to Yim and Yoo.

PARK GEUN-HYE: BACK TO BASICS

17. (SBU) Park Geun-hye's foreign policy pledges are more conservative and hawkish toward the DPRK. Park has proposed a reciprocal, action-for-action approach to denuclearization and a three-phase unification blueprint: (1) "establishment of peace and trust between two Koreas"; (2) "economic reunification;" followed by (3) "political reunification." Her plan, however, would not be implemented unless the DPRK "dismantles and disables" all the nuclear weapons and programs. She has continuously emphasized that a nuclear North Korea will not be accepted and that the ROK should not provide aid without the DPRK's reciprocity. She is skeptical of the current regime's projects such as Kungang Mountain tourism and the Kaesong Industrial Complex (KIC) and sees them as "cash cows" for propping up the regime, according to Walter Paik, a close aide to Park. Meanwhile, she also lists "dismantlement of all nuclear weapons and programs," "carrot-and-stick approach," and "multilateral approach by cooperation among the Six-Party Talks members" in her "Three Guiding Principles for Resolving the North Korean Nuclear Issue."

18. (SBU) Regarding the U.S.-ROK alliance, Park has called for a "New Security Declaration" between the two countries to reinforce the relationship. So far, the alliance has been

based on the two countries' military and security needs. Through the "New Security Declaration," she hopes to transform the alliance to "a relationship based on common value, such as the democracy and market economy," Paik said during a June 25 meeting with Poloffs. She would also consider upgrading the ROK's participation in the missile defense and Proliferation Security Initiative (PSI). Like Lee, Park would seek renegotiation of the transition of Wartime Operational Control (OPCON), however. In addition to the U.S.-ROK alliance, Park also sees the ROK-Japan relationship crucial to peace on the Korean peninsula and hopes to enhance it, notes Park's advisor Paik.

LIBERAL CANDIDATES BASKING IN THE "SUNSHINE"

¶9. (U) The liberal contenders are united in their advocacy of the "Sunshine" policy of pro-North Korean engagement dating back to the Kim Dae-jung administration. They also appear to be more concerned with the historical "bad blood" between South Korea and China and Japan. In the Munhwa Ilbo surveys conducted in late June, former Gyeonggi Province governor Sohn Hak-kyu enjoys the lead among the progressive candidates at 24.1 percent, followed by former Prime Minister Lee Hae-chan with 10.9 percent and former Unification Minister Chung Dong-young at 8.2 percent. June 30 JoongAng Ilbo polls looking at all of the candidates put Sohn's popularity at about 6.8 percent, Chung at 3.5 percent, and former Prime Ministers Han Myeong-sook and Lee Hae-chan at 2.1 and 2 percent, respectively.

SOHN HAK-KYU: PROGRESSIVE FRONTRUNNER

¶10. (SBU) An independent candidate, former Gyeonggi Province Governor Sohn Hak-kyu is still struggling to shed the stigma of being a "traitor" for leaving the GNP, the party that had

nurtured him for fifteen years. He is also trying to make a smooth transition from being a conservative candidate to a progressive one. He announced in late June his intention to officially join hands with members of a "pan-progressive" circle. While his popularity ratings are still only hovering around six percent, he is seen as the frontrunner relative to other candidates from the liberal/progressive side of the South Korean politics, most of whom are from the ruling camp.

¶11. (SBU) Sohn has created what he calls the "Peace Management" policy towards North Korea that is based on the Sunshine policy and is founded on three principles: (1) the "universal" values of democracy, freedom, and market economy; (2) improving the quality of peace on the peninsula substantively through achievable and sustained programs; and (3) expanding institutional networks across the Northeast Asia region. The ultimate goal of "Peace Management" is to reach regional integration through the "peaceful evolution" of domestic and foreign policies in the region. Sohn also proposed the creation of an "Integrated Special Economic Zone between South and North Korea" by extending the Kaesong Industrial Complex to the southern side of the demilitarized zone (DMZ). In a June 26 discussion with Poloffs, Sohn's foreign policy advisors Dr. Min Byung-oh and Lee Yoon-saeng noted that while Sohn's pro-engagement stance is firm, the pace and methods involved in the "Peace Management" policy are flexible, and can be adjusted according to circumstances; he specifically pointed to a possible collapse of the regime in the event of Kim Jong-Il's death as an event that the foreign policy team was considering, and that would significantly alter Sohn's "rules of engagement." Min also tangentially noted that North Korea is aware that it has "lost" to the South, and that its awareness of the gap that exists between the two countries would prompt a desire for engagement.

¶12. (SBU) Like his former GNP compatriots, Sohn is seen as a strong proponent of South Korea's alliance with the United

States. Sohn in his public speeches invites the United States to play an even more active role as mediator in dialogue among the regional players in East Asia (specifically Korea, China, and Japan). Sohn is also a strong advocate of an open market system, and has repeatedly expressed his hope that a successful FTA with the U.S. would serve as a catalyst in forming a multiple layer of FTAs in the region. Since leaving the GNP, however, he has begun to recommend that the U.S. take a closer look at the changing dynamics in the region rather than rely on "conventional understanding" of interrelations. By way of an example, Min said that one could not treat a grown man the same way the man was treated when he was a boy, hinting that the U.S. was not recognizing South Korea's growing power in the region.

¶13. (SBU) Min also said that Sohn's camp is uncomfortable with what they perceive to be an ever-deepening relationship between the United States and Japan. Min said that in comparison to Germany, Japan is unrepentant in making amends for its historical wrongdoings, making it difficult for regional countries to establish close relations with Japan (he pointed specifically to China and North Korea, noting that North Koreans "hate" Japan). Due to this difficulty in forming partnerships and maintaining good relations with its neighboring countries, Min purported that Japan's role in the world would inevitably decrease. He emphasized that a rise in anti-Japanese sentiment would be linked to anti-Americanism if South Koreans began to view the U.S.-Japanese alliance as being too close; therefore, he advised that the US take a more careful approach in handling relationships within the region. While Sohn's foreign policy team did not expect ROK-Japan relations to change any time soon due to Japan's refusal to change, they did point to the growing popularity of Korean pop culture in Japan as a positive indication of happy coexistence.

CHUNG DONG-YOUNG: THE ANTI-ROH

¶14. (SBU) Former Unification Minister Chung Dong-young defected from the Uri party to distance himself from the unpopular Roh administration. His recognition factor is high, due to his former career as a news anchor and

Unification Minister, but his efforts to secure the presidential vote have largely been in vain: his popularity ratings still hover at only 3.5 percent. Chung's foreign policy platform is in line with the general liberal line of pro-North Korean engagement. In a June 22 meeting with Poloffs, Chung's foreign policy advisor Kim Yeon-chul claimed that Chung has the most expertise in handling foreign policy matters -- particularly North Korea -- pointing to his experience as Unification Minister, as well as his numerous visits to the United States, Europe, and Japan. Kim also alleged that while all of the other candidates' campaign pledges were purely for political gain, Chung has established feasible policy plans that can actually be implemented.

¶15. (SBU) Chung's main campaign focus is on North Korea. Unlike all of the other candidates who emphasize a North Korean engagement policy after or in conjunction with denuclearization, Chung maintains an engagement-first policy, asserting that North Korea cannot be moved to action without appropriately engaging it from the beginning. Chung maintains that President Roh is not handling North Korean engagement appropriately, and is apparently stunned that Roh does not appear interested in holding a summit with North Korean leader Kim Jong-Il. In his discussion with Poloffs, Kim tied every foreign policy issue back to North Korea, and this was especially true in his discussion of Chung's approach towards the U.S. Chung has been known to be critical of the U.S. alliance in the past, and the only mention of the alliance during the discussion was for its role in North Korean denuclearization. Kim hinted that Chung perceives the U.S. to be slighting South Korea's role in the international community, going so far as to point to historical examples of international meetings during which

South Korea did not do anything but "pay and watch."

¶16. (U) Chung's approach to China and Japan is two-fold: he views both with distaste for being unapologetic about historical wrongdoings against South Korea, but also acknowledges the significance of their roles in Six-Party Talks and North Korean denuclearization. Chung hopes to see China take advantage of its relationship with North Korea to aid progress in the Six-Party Talks, as well as to increase its role in aiding South Korea in managing North Korean refugees. As for Japan, Chung believes that Japanese Prime Minister Shinzo Abe is ruining the already volatile nature of the South Korea-Japan relationship, and that the Liancourt Rocks (which Koreans call Dokdo) and Yasukuni issues need to be dealt with very soon. Chung also assesses that Japan needs to take a more proactive role in the Six-Party Talks, rather than getting bogged down with the abductions issue.

DARK HORSE CANDIDATES

¶17. (U) Two of the three GNP underdog candidates, Won Hee-ryong and Go Jin-hwa, explicitly advocate engagement policy. Won Hee-ryong stated during the GNP foreign policy debate that, as President, he would "maintain and develop the engagement policy toward the North." Won also has a "Three-Stage Reunification Plan" like Park Geun-hye, but it is different from Park's in that the first "stage" is transforming the cease-fire agreement with the DPRK into a peace accord. Go Jin-hwa also called for a peace accord between two Koreas. Both Won and Go argue that two Koreas should hold South-North summits or parliamentary meetings regularly. While these two candidates do not discuss the U.S.-ROK alliance in depth, Hong Joon-pyo's main foreign policy agenda is "independent diplomacy toward the U.S." During his opening statement, Hong said, "(t)o befit the nation's status (as the world's 11th largest economy), Korea should strengthen its independent policy line on the United States." While Hong Joon-pyo's position on the OPCON issue is not clear, Won and Go both welcome the transition of OPCON and oppose renegotiation.

¶18. (U) Many in President Roh's circle have expressed interest in running for President: former Prime Ministers Han Myeong-sook and Lee Hae-chan, former governor of South Gyeongsang Province and economic aide to Roh Kim Hyuk-kyu, former Uri party chairman Shin Ki-nam, former Minister of Health and Welfare Rhyu Si-min, and former Presidential Chief

of Staff Lee Byung-wan. These underdogs have yet to declare their foreign policy plans, but we expect that they would run parallel to that of the current Roh administration.

COMMENT

¶19. (SBU) Barring any significant breakthroughs or crises with North Korea in the months before the election, the real driving force behind this election will be each candidate's domestic policies, especially due to the public perception that the current administration has mismanaged the economy. Foreign policy is therefore likely to be a secondary concern, and North Korean engagement will be the only foreign policy issue that really matters. Relations with the North on some level are bound to continue regardless of the elected candidate or party. The only substantive differences will lie in the pace and methods of engagement.

VERSHBOW